98TH CONGRESS
1st Session

SENATE

REPORT
No. 98-307

EXTENDING THE FEDERAL PHYSICIANS COMPARABILITY ALLOWANCE ACT OF 1978

NOVEMBER 10 (legislative day, NOVEMBER 7), 1983.—Ordered to be printed

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Mr. STEVENS, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 2077]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 2077) to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance Act of 1978, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House to the amendment of the Senate to the House bill, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment to the House amendment to the Senate amendment to the House bill, insert the following:

"TITLE I—PHYSICIANS COMPARABILITY ALLOWANCE

"SHORT TITLE

"SEC. 101. This title may be cited as the 'Federal Physicians Comparability Allowance Amendments of 1983'.

"EXTENSION OF AUTHORITY

"SEC. 102. (a) The second sentence of section 5948(d) of title 5, United States Code, is amended to read as follows: 'No agreement shall be entered into under this section later than September 30, 1987, nor shall any agreement cover a period of service extending beyond September 30, 1989.'.

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"(b) Section 3 of the Federal Physicians Comparability Allowance Act of 1978 (5 U.S.C. 5948 note) is amended by striking out 'September 30, 1985' and inserting in lieu thereof 'September 30, 1989'.

"PAY OF CERTAIN FEDERAL PHYSICIANS FOR FISCAL YEAR 1982

"SEC. 103. (a) Any individual whose aggregate pay for fiscal year 1982 exceeded the limitation set forth in section 5383(b) of title 5, United States Code, is relieved of all liability to the United States for any amounts paid to such individual in excess of such limitation if, and to the extent that, such liability takes into account any allowance paid under section 5948 of such title.

"(b)(1) The appropriate agency head shall pay, out of any appropriation or fund available to pay allowances under section 5948 of title 5, United States Code, to any individual as to whom liability is relieved under subsection (a), an amount equal to the aggregate of any amounts paid by such individual, or withheld from sums otherwise due such individual, with respect to any liability relieved under such subsection.

"(2) A payment under paragraph (1)—

"(A) shall be made only if written application therefor is submitted to the appropriate agency head, in accordance with such regulations as the President or his designee may prescribe, within two years after the date of enactment of this Act; and

"(B) shall not be considered for purposes of applying the limitation set forth in section 5383(b) of title 5, United States Code.

"(c) For the purpose of this section—

"(1) the term 'aggregate pay', as used with respect to an individual, means the aggregate amount paid to such individual under sections 4507, 5382, 5384, and 5948 of title 5, United States Code;

"(2) the term 'appropriate agency head', as used with respect to an individual, means the head of the agency employing such individual when such individual was paid an allowance with respect to which liability is relieved under this subsection; and

"(3) the term 'agency' has the meaning given such term by section 5984(g)(2) of such title.

"TITLE II—FEDERAL EMPLOYEES RETIREMENT ADJUSTMENT

"SHORT TITLE

"SEC. 201. This title may be cited as the 'Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983'.

"STATEMENT OF POLICY

"SEC. 202. It is the policy of the Government—

"(1) that the amount required to be contributed to certain public retirement systems by employees and officers of the Government who are also required to pay employment taxes relating to benefits under title II of the Social Security Act for service performed after December 31, 1983, be modified until the date on which such employees and officers are covered by a new Government retirement system (the design, structure, and provisions

of which have not been determined on the date of enactment of this Act) or January 1, 1986, whichever is earlier;

"(2) that the Treasury be required to pay into such retirement systems the remainder of the amount such employees and officers would have contributed during such period but for the temporary modification;

"(3) that the employing agencies make contributions to the retirement systems with respect to such service in amounts required by law in effect before January 1, 1984, without reduction in such amounts;

"(4) that such employees and officers accrue credit for service for the purposes of the public retirement systems in effect on the date of enactment of this Act until a new Government retirement system covering such employees and officers is established;

"(5) that, where appropriate, deposits to the credit of such a retirement system be required with respect to service performed by an employee or officer of the Govenment during the period described in clause (1), and, where appropriate, annuities be offset by the amount of certain Social Security benefits attributable to such service; and

"(6) that such employees and officers who are first employed in civilian service by the Government or first take office in civilian service in the Government on or after January 1, 1984, become subject to such new Government retirement system as may be established for employees and officers of the Government on or after January 1, 1984, and before January 1, 1986, with credit for service performed after December 31, 1983, by such employees and officers transferred to such new Government retirement system.

"DEFINITIONS

"Sec. 203. (a) For the purposes of this title—

"(1) the term 'covered employee' means any individual whose service is covered service;

"(2) the term 'covered retirement system' means—

"(A) the Civil Service Retirement and Disability System under subchapter III of chapter 83 of title 5, United States Code;

"(B) the Foreign Service Retirement and Disability System under chapter 8 of the Foreign Service Act of 1980 (22 U.S.C. 4041 et seq.);

"(C) the Central Intelligence Agency Retirement and Disability System under the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (50 U.S.C. 403 note); and

"(D) any other retirement system (other than a new Government retirement system) under which a covered employee who is a participant in the system is required to make contributions to the system in an amount equal to a portion of the participant's basic pay for covered service, as determined by the President;

"(3) the term 'covered service' means service which is employment for the purposes of title II of the Social Security Act and

chapter 21 of the Internal Revenue Code of 1954 by reason of the amendments made by section 101 of the Social Security Amendments of 1983 (97 Stat. 67); and

"(4) the term 'new Government retirement system' means any retirement system which (A) is established for officers or employees of the Government by or pursuant to a law enacted after December 31, 1983, and before January 1, 1986, and (B) takes effect on or before January 1, 1986.

"(b) The President shall publish the determinations made for the purpose of subsection (a)(2)(D) in an Executive order.

"CONTRIBUTION ADJUSTMENTS

"SEC. 204. (a) In the case of a covered employee who is participating in a covered retirement system, an employing agency shall deduct and withhold only 1.3 percent of the basic pay of such employee under—

"(1) section 8334 of title 5, United States Code;

"(2) section 805 of the Foreign Service Act of 1980 (22 U.S.C. 4045);

"(3) section 211 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (50 U.S.C. 403 note); or

"(4) any provision of any other covered retirement system which requires a participant in the system to make contributions of a portion of the basic pay of the participant,

for covered service which is performed after December 31, 1983, and before the earlier of the effective date of a new Government retirement system or January 1, 1986. Deductions shall be made and withheld as provided by such provisions in the case of covered service which is performed on or after such effective date or January 1, 1986, as the case may be, and is not subject to a new Government retirement system.

"(b) Employing agencies of the Government shall make contributions with respect to service to which subsection (a) of this section applies under the second sentence of section 8334(a)(1) of title 5, United States Code, the second sentence of section 805(a) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)), the second sentence of section 211(a) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (50 U.S.C. 403 note), and any provision of any other covered retirement system requiring a contribution by the employing agency, as if subsection (a) of this section had not been enacted.

"REIMBURSEMENT FOR CONTRIBUTION DEFICIENCY

"SEC. 205. (a) For purposes of this section—

"(1) the term 'contribution deficiency', when used with respect to a covered retirement system, means the excess of—

"(A) the total amount which, but for section 204(a) of this Act, would have been deducted and withheld under a provision referred to in such section from the pay of covered employees participating in such retirement system for service to which such section applies, over

"(B) the total amount which was deducted and withheld from the pay of covered employees for such service as provided in section 204(a) of this Act; and

"(2) the term 'appropriate agency head' means—

"(A) the Director of the Office of Personnel Management, with respect to the Civil Service Retirement and Disability System under subchapter III of chapter 83 of title 5, United States Code;

"(B) the Secretary of State, with respect to the Foreign Service Retirement and Disability System under chapter 8 of the Foreign Service Retirement Act of 1980 (22 U.S.C. 404 et seq.);

"(C) the Director of Central Intelligence, with respect to the Central Intelligence Agency Retirement and Disability System under the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (50 U.S.C. 403 note); and

"(D) the officer designated by the President for that purpose in the case of any retirement system described in section 203(a)(2)(D) of this Act.

"(b) At the end of each of fiscal years 1984, 1985, and 1986, the appropriate agency head—

"(1) shall determine the amount of the contribution deficiency for such fiscal year in the case of each covered retirement system, including the interest that those contributions would have earned had they been credited to the fund established for the payment of benefits under such retirement system in the same manner and at the same time as deductions under the applicable provision of law referred to in section 204(a) of this Act; and

"(2) shall notify the Secretary of the Treasury of the amount of the contribution deficiency in each such case.

"(c) Before closing the accounts for each of fiscal years 1984, 1985, and 1986, the Secretary of the Treasury shall credit to the fund established for the payment of benefits under each covered retirement system, as a Government contribution, out of any money in the Treasury not otherwise appropriated, an amount equal to the amount determined under subsection (b) with respect to that covered retirement system for the fiscal year involved.

"(d) Amounts credited to a fund under subsection (c) shall be accounted for separately than amounts credited to such fund under any other provision of law.

"SPECIAL DEPOSIT AND OFFSET RULES RELATING TO RETIREMENT BENEFITS FOR INTERIM COVERED SERVICE

"SEC. 206. (a) For the purposes of this section, the term 'interim covered service' means covered service to which section 204(a) applies.

"(b)(1) Paragraphs (2) and (3) apply according to the provisions thereof only with respect to a covered employee who is employed by the Government on December 31, 1983.

"(2)(A) Notwithstanding any other provision of law, the interim covered service of such covered employee shall be considered—

"(i) in determining entitlement to and computing the amount of an annuity (other than a disability or survivor annuity) commencing under a covered retirement system during the period beginning January 1, 1984,, and ending on the earlier of the date a new Government retirement system takes effect on January 1, 1986, by reason of the retirement of such covered employee during such period only if such covered employee makes a deposit to the credit of such covered retirement system for such covered service in an amount computed as provided in subsection (f); and

"(ii) in computing a disability or survivor annuity which commences under a covered retirement system during such period and is based in any part on such interim covered service.

"(B) Notwithstanding any other provision of law, an annuity to which subparagraph (A)(ii) applies shall be reduced by the portion of the amount of any benefits which is payable under title II of the Social Security Act and is attributable to the interim covered service considered in computing the amount of such annuity, as determined under subsection (g), unless, in the case of a survivor annuity, a covered employee has made a deposit with respect to such covered service for the purposes of subparagraph (A)(i) before the date on which payment of such annuity commences.

"(3) Notwithstanding any other provision of law, if a new Government retirement system is not established or is inapplicable to such a covered employee who retires or dies subject to a covered retirement system after the date on which such new Government retirement system takes effect, the interim covered service of such covered employee shall be considered in determining entitlement to and computing the amount of an annuity under a covered retirement system based on the service of such covered employee only if such covered employee makes a deposit to the credit of such covered retirement system for such covered service in an amount computed as provided in subsection (f).

"(c)(1) Paragraphs (2) and (3) apply according to the provisions thereof only with respect to a covered employee who was not employed by the Government on December 31, 1983.

"(2) Notwithstanding any other provision of law, any annuity which commences under a covered retirement system during the period described in subsection (b)(2)(A)(i) and is based, in any part, on interim covered service shall be reduced by the portion of the amount of any benefits which is payable under title II of the Social Security Act to the annuitant and is attributable to such service, as determined under subsection (g).

"(3) Notwithstanding any other provision of law, if a new Government retirement system is not established, the interim covered service of such a covered employee who retires or dies after January 1, 1986, shall be considered in determining entitlement to and computing the amount of an annuity under a covered retirement system based on the service of such covered employee only if such covered employee makes a deposit to the credit of such covered retirement system for such covered service in an amount computed as provided in subsection (f).

"(d) If a covered employee with respect to whom subsection (b)(3) or (c)(3) applies dies without having made a deposit pursuant to

such subsection, any individual who is entitled to an annuity under a covered retirement system based on the service of such covered employee or who would be entitled to such an annuity if such deposit had been made by the covered employee before death may make such deposit after the date of death of such covered employee. Service covered by a deposit made pursuant to the first sentence shall be considered in determining, in the case of each individual to whom the first sentence applies, the entitlement to and the amount of an annuity under a covered retirement system based on the service of such covered employee.

"(e) A reduction in annuity under subsection (b)(2)(B) or (c)(2) shall commence on the first day of the first month after the date on which payment of benefits under title II of the Social Security Act commence and shall be redetermined each time an increase in such benefits takes effect pursuant to section 215(i) of the Social Security Act. In the case of an annuity of a participant or former participant in a covered retirement system, of a surviving spouse or child of such participant or former participant, or of any other person designated by such participant or former participant to receive an annuity, under a covered retirement system (other than a former spouse) the reduction in annuity under subsection (b)(2)(B) or (c)(2) shall be calculated before any reduction in such annuity provided under such system for the purpose of paying an annuity under such system to any former spouse of such participant or former participant based on the service of such participant or former participant.

"(f) For the purposes of subsection (b) or (c), the amount of a deposit to the credit of the applicable covered retirement system shall be equal to the excess of—

"(1) the total amount which would have been deducted and withheld from the basic pay of the covered employee for the interim covered service under such covered retirement system but for the application of section 204(a), over

"(2) the amount which was deducted and withheld from such basic pay for such interim covered service pursuant to section 204(a) and was not refunded to such covered employee.

"(g) For the purpose of subsections (b)(2)(B) and (c)(2), the portion of the amount of the benefits which is payable under title II of the Social Security Act to an individual and is attributable to interim covered service shall be determined by—

"(1) computing the amount of such benefits including credit for such service;

"(2) computing the amount of such benefits, if any, without including credit for such service; and

"(3) subtracting the amount computed under clause (2) from the amount computed under clause (1).

"(h) The Secretary of Health and Human Services shall furnish to the appropriate agency head (as defined in section 205(a)(2)) such information as such agency head considers necessary to carry out this section.

"TRANSFER OF CREDIT TO NEW RETIREMENT SYSTEM

"SEC. 207. (a) Any covered employee who first becomes employed in civilian service by the Government or first takes office in civilian

service in the Government on or after January 1, 1984, shall become subject to such new Government retirement system as may be established.

"(b) In the case of any covered employee who is subject to a covered retirement system on or after January 1, 1984, and thereafter becomes subject to a new Government retirement system—

"(1) credit for the service of such employee to which section 204(a) applies shall be transferred from such covered retirement system to the new Government retirement system for the purposes of the new Government retirement system; and

"(2) such service shall be considered not to be creditable service for the purposes of such covered retirement system,

effective on the date on which such employee becomes subject to such new Government retirement system.

"ELECTIONS BY CERTAIN COVERED EMPLOYEES

"SEC. 208. (a) Any individual performing service of a type referred to in clause (i), (ii), (iii), or (iv) of section 210(a)(5) of the Social Security Act beginning on or before December 31, 1983, may—

"(1) if such individual is then currently a participant in a covered retirement system, elect by written application submitted before January 1, 1984—

"(A) to terminate participation in such system, effective after December 31, 1983; or

"(B) to remain under such system, as if the preceding sections of this Act and the amendments made by this Act had not been enacted; or

"(2) if such individual is then currently not a participant in a covered retirement system, elect by written application—

"(A) to become a participant under such system (if such individual is otherwise eligible to participate in the system), subject to the preceding sections of this Act and the amendments made by this Act; or

"(B) to become a participant under such system (if such individual is otherwise eligible to participate in the system), as if the preceding sections of this Act and the amendments made by this Act had not been enacted.

"(b) An application by an individual under subsection (a) shall be submitted to the official by whom such covered employee is paid.

"(c) Any individual who elects to terminate participation in a covered retirement system under subsection (a)(1)(A) is entitled to have such individual's contributions to the retirement system refunded, in accordance with applicable provisions of law, as if such individual had separated from service as of the effective date of the election.

"(d) Any individual who is eligible to make an election under subparagraph (A) or (B) of subsection (a)(1), but who does not make an election under either such subparagraph, shall be subject to the preceding sections of this Act and the amendments made by this Act.

"TITLE III—SENIOR EXECUTIVE SERVICE

"SEC. 301. (a) The Office of Personnel Management shall study and, within 12 months after the date of enactment of".

And that the Senate agree to the same.

TED STEVENS,
CHARLES MCC. MATHIAS, JR.,
JEFF BINGAMAN,
Managers on the Part of the Senate.

WILLIAM D. FORD,
MO UDALL,
MARY ROSE OAKAR,
GENE TAYLOR,
BENJAMIN A. GILMAN,
Managers on the Part of the House.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 2077) to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance Act of 1978, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House amendment struck out all of the Senate amendment after the enacting clause and inserted a substitute text.

The Senate amendment struck out lines 1 through 12 of the House amendment and inserted new matter consisting of titles I and II.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute. The differences between the House and Senate amendments and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

House Amendment

The House amendment amends section 5948(d) of title 5, United States Code, and section 3 of the Federal Physicians Comparability Allowance Act of 1978 to extend the 1978 Act for two more years. The current authority to enter into contracts with physicians expired September 30, 1983. Also under current law, contracts entered into prior to September 30, 1983, cannot extend beyond September 30, 1985. The House amendment extends the authority to enter into contracts until September 30, 1985, and permits those contracts to extend until September 30, 1987.

Senate Amendment

The Senate amendment differs from the House amendment in three respects. First, the Senate amendment extends the Federal Physicians Comparability Allowance Act of 1978 for four years instead of two. Second, it relieves 13 Federal physicians of the obligation to repay certain compensation received in fiscal year 1982 which was in excess of the statutory limit on aggregate compensation set forth in section 5383(b) of title 5, United States Code. The statutory limit was exceeded when these individuals mistakenly were paid maximum physicians comparability allowances and

Senior Executive Service performance awards. The amount forgiven range from $1,455.46 to $5,988.66. Finally, the Senate amendment contains provisions addressing the problem of double coverage of Federal employees hired after December 31, 1983, (newly hired employees) under social security and other Federal staff retirement systems including, but not limited to, the Civil Service Retirement and Disability System, the Foreign Service Retirement and Disability System, and the Central Intelligence Agency Retirement and Disability System (covered retirement systems).

The retirement provisions of the Senate amendment essentially provide that Federal employees hired after December 31, 1983 (newly hired employees), would be fully covered under both social security and the applicable covered retirement system during a two-year transition period ending January 1, 1986. During this period employees would pay the full social security tax and contribute 1.3 percent of pay to the applicable covered retirement system. Employing agencies would continue to make their full retirement contributions (in most cases 7 percent). The difference between the employee's normal contribution (in most cases 7 percent), and the amount actually contributed (1.3 percent) would be made up by the Treasury through amortized payments over 30 years.

If during the two-year transition period a newly hired employee become eligible for benefits under a covered retirement system, no retirement credit would be allowed for service during the transition period unless a deposit equal to the difference between the 1.3 percent actual contribution and the normal employee contribution rate is made. In the case of disability or survivor benefits, the deposit requirement is waived, In addition, the retirement benefits for an employee or survivor would be reduced by an amount equal to that portion of any social security benefit that is attributable to service during the transition period. Members, judges, and current employees who will be covered by social security are treated the same as newly hired employees except their service is not transferred to the new system.

At the end of the transition period, newly hired employees would be transferred to a new yet-to-be-developed supplemental retirement plan and would receive credit under that plan for their service during the transition period.

Conference Agreement

Extension of the Federal Physicians Comparability Allowance Act of 1978.—The conference agreement follows the Senate amendment and extends the 1978 Act for four years beginning October 1, 1983.

There have been persistent reports during the last two years from agencies experiencing ongoing recruitment and retention problems with respect to Federal physician positions. Nevertheless, these agencies have chosen not to implement the Federal Physicians Comparability Allowance Act. The conferees note the intent of Congress is for this Act to be used whenever measurable recruitment and retention problems exist. In that regard, the conferees direct the Office of Personnel Management and those agencies employing civil service physicians to examine more closely the recruitment and retention problems that exist with respect to these physi-

cians and to make more effective use of the allowances authorized by this Act where identifiable problems exist.

Relief for certain Federal physicians.—The conference agreement follows the Senate amendment but extends relief to any other Federal physician similarly situated. It provides that any individual whose aggregate pay for fiscal year 1982 exceeded the limitation set forth in section 5383(b) of title 5, United States Code, is relieved of all liability to the United States for any amounts paid to that individual in excess of the limitation if, and to the extent that, the liability takes into account any physicians comparability allowance.

Double coverage of Federal employees.—The conference agreement follows the Senate amendment with several important modifications.

With respect to the applicability of social security offsets and the necessity for deposits for service during the transition period, the conference agreement provides the following:

I. Newly hired employees—

A. Any retirement benefit commencing during the transition period (1984 and 1985) will be offset by the amount of any social security benefit attributable to service during that period. No deposit is required.

B. If by the end of the transition period no new supplemental retirement plan has been established, the full contribution rate again will be applicable, and retirement credit (including credit for disability retirement) for service during the transition period will be allowed only if the employee deposits the difference between the normal contribution rate (in most cases 7 percent) and the rate actually paid during that period (1.3 percent). In the case of an employee who dies without making the necessary deposit, a survivor will be permitted to make the deposit. There is no social security offset.

II. Current employees who will be subject to social security—

A. With respect to a retirement benefit commencing during the transition period (1984 and 1985), retirement credit for service during that period will be allowed only if the employee deposits the difference between the normal contribution rate (in most cases 7 percent) and the rate actually paid during that period (1.3 percent). An exception is made for disability and survivor benefits. No deposit is necessary in those cases, but the benefit will be offset by the amount of any social security benefit attributable to service during the transition period.

B. If by the end of the transition period no new supplemental plan has been established, or such a plan does not apply to current employees, the full contribution rate again will be applicable, and retirement credit for service during the transition period will be allowed only if the employee deposits the difference between the normal contribution rate (in most cases 7 percent) and the rate actually paid during the period (1.3 percent). In the case of an employee who dies without making the necessary deposit, a survivor would be permitted to make the deposit.

A second important modification permits current employees to make elections concerning coverage. Although the Social Security

Amendments of 1983 (P.L. 98-21) generally provide that only Federal employees hired after December 31, 1983, will be covered by social security (and therefore face a double coverage situation), certain current officers and employees and current Members and judges will also be brought under social security effective January 1, 1984. Individuals in this affected group who are participants in a covered retirement system will be double covered effective January 1, 1984. The affected group includes the President and Vice President, Members of Congress, individuals in Executive Schedule positions (e.g., cabinet secretaries, deputy and assistant secretaries, heads and top officials of other agencies, boards and commissions, and other top officials), noncareer members of the Senior Executive Service and Senior Foreign Service, top officials in the White House and judges.

Unlike newly hired employees who may elect whether or not to accept Government employment and face the uncertainties of a yet-to-be-established supplemental retirement program, the affected group has no election other than to resign (which in many instances would involve resignations from elected offices, lifetime judicial appointments, or presidentially appointed and Senate-confirmed positions). Also, unlike most newly hired employees, many in the affected group have made a substantial investment in, and have earned substantial credits under, their current covered retirement systems. For these individuals, the rules are being changed in the middle of the game. The conferees believe this is unfair, and the conference agreement permits certain elections by individuals in the affected group in order to mitigate the unfairness.

The conference agreement provides that an individual in the affected group who is currently participating in a covered retirement system may elect: (A) to terminate participation in the covered retirement system effective after December 31, 1983, in which case no retirement contributions to such system will be required and the individual will be required to pay only the social security tax; or (B) to remain under the current covered retirement system and make full retirement contributions to such system in addition to the social security tax. Under election (A), the individual will be covered only under social security. Under election (B), the individual participates fully in the current covered retirement system and is also covered by social security. An election must be in writing and be submitted before January 1, 1984. If no election is made, the individual will be subject to the other provisions of the conference agreement regarding reduced contributions and a social security offset.

In the case of an individual in the affected group who is not currently participating in a covered retirement system an election is also provided. Such an individual may elect: (A) to become a participant in the appropriate covered system and be subject to the other provisions of the conference agreement regarding reduced contributions and a social security offset; or (B) to become a participant in the appropriate system and not be subject to the other provisions of the conference agreement regarding reduced contributions and a social security offset. Under election (A), the individual will be treated essentially the same as a newly hired employee and will pay the social security tax and a reduced retirement contribu-

tion. Under election (B), the individual participates fully in the appropriate covered retirement system and pays the social security tax plus a full retirement contribution. An election may be made at any time. If no election is made, the individual will continue not to participate in a covered retirement system, will not be subject to the other provisions of the conference agreement, and will be covered by social security.

The conference agreement provides that an election must be submitted to the official by whom the electing individual is paid, and that if an individual elects to terminate participation in a covered retirement system, the individual is entitled to receive a refund of contributions in accordance with the applicable provisions of law concerning the particular covered retirement system.

The final modifications relate to the deficiency contribution. This contribution represents the amount not paid by employees because of the reduction of their retirement contributions to 1.3 percent. The Senate amendment provides that an amount equal to the deficiency shall be paid to the covered retirement systems by the Treasury of the United States and that those payments shall be amortized over 30 years. The conference agreement provides the deficiency payments shall be made at the close of fiscal years 1984, 1985, and 1986 rather than amortized over 30 years. The conferees believe the amounts involved are not significant enough to warrant the administrative attention which amortization would require. In addition, the conference agreement provides the deficiency contribution shall include interest that the retirement contributions would have earned had they been made by employees during the fiscal years involved. This ensures that the covered retirement systems' funds will, in fact, be made whole.

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Managers on the Part of the Senate.

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Managers on the Part of the House.

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